



***metro***

**UPDATE**






**Corporate  
Responsibility  
2018**

**FOR THE 2017  
FISCAL YEAR**

## CORPORATE PROFILE

With annual sales of over \$12 billion and over 65,000 employees, METRO is a leader in the food and pharmaceutical distribution in Québec and Ontario, where it operates or supplies a network of 948 food stores under several banners, including Metro, Metro Plus, Super C, Food Basics, Adonis and Première Moisson, as well as 256 drugstores, mainly under the Brunet, Metro Pharmacy and Drug Basics banners.

### RETAIL NETWORK

Food sector				
	Québec	Ontario	Total	
SUPERMARKETS	<b>201</b> Metro Metro Plus	<b>134</b> Metro	<b>335</b>	
DISCOUNT STORES	<b>97</b> Super C	<b>129</b> Food Basics	<b>226</b>	
NEIGHBORHOOD STORES	<b>58</b> Marché Richelieu <b>214</b> Marché Ami <b>78</b> Marché Extra		<b>350</b>	
PARTNERS	<b>9</b> Adonis <b>25</b> Première Moisson	<b>2</b> Adonis <b>1</b> Première Moisson	<b>11</b> <b>26</b>	
TOTAL	<b>682</b>	<b>266</b>	<b>948</b>	
Pharmaceutical sector				
DRUG STORES	<b>183</b> Brunet Brunet Plus Brunet Clinique Clini Plus	<b>73</b> Pharmacy Drug Basics	<b>256</b>	

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Annual sales  
**\$13.2**  
billion

Net profit  
**\$608.4**  
million

Over  
**65,000**  
employees



**Eric R. La Flèche**

## MESSAGE FROM THE PRESIDENT AND CEO

The year 2017 proved to be significant in METRO's history, as we celebrated our 70<sup>th</sup> anniversary. We are very proud of all we have accomplished and of our network with deep roots in Québec and Ontario. Our business strategy is founded on corporate responsibility. The fundamental purpose of our actions is to ensure profitable growth for all: employees, shareholders, business partners and the communities we serve.

Over the decades, our strategies and practices evolved as we acquired knowledge and addressed new challenges. Still, our customers – who have also changed a lot – have always been at the centre of our concerns.

Consumer-citizens are looking for more than a quality product at an affordable price. They want products manufactured according to ethical and responsible practices and seek to know their health impacts. They search for products from

organizations that share their values and whose operations are respectful of individuals and the environment. Given their proximity to consumers, businesses in the agri-food and pharmaceutical sectors are particularly affected by these expectations.

More than ever, we must be sensitive to this reality and adapt to meet the expectancies of our clientele, which is always moving forward.

In recent years, we worked diligently to establish our corporate responsibility governance and implemented several structuring initiatives to guide our day-to-day actions. While we have built a solid foundation, we recognize that there is still work to be done.

In 2018, as we reach the midpoint of our 2016-2020 corporate responsibility plan, we will continue to work to ensure the alignment of our business and corporate responsibility plans across the entire organization. This approach is one that we have always pursued. It is among our strengths and constitutes a condition for success. Also, this year, we will adopt the same strategy in the pharmaceutical sector as the combination of the activities of the Jean Coutu Group and McMahon get underway, as soon as the transaction is approved by regulatory authorities.

We will therefore continue to carry out the implementation of our programs, fine-tune our processes, assess our progress and reinforce our efforts to reach our objectives and fulfill our commitments.

I would like to thank our teams for all they accomplished in the past year. I especially want to acknowledge the openness, commitment and mobilization they have shown to complete this major undertaking and ensure that METRO contributes, in its own way, to the sustainable development of our society.



**Marie-Claude Bacon**

## MESSAGE FROM THE SENIOR DIRECTOR OF CORPORATE AFFAIRS

The implementation of our corporate responsibility approach calls upon the contribution of our employees and project leaders and especially on their commitment and willingness to pledge their involvement so that each of our initiatives as part of our four pillars drives our success.

We are at the central point of the implementation of our 2016-2020 corporate responsibility plan. In 2017, our teams continued to pursue the advancement of their programs, oversee the initiatives they developed and enhance their methods.

The past year was filled with achievements, as reflected in this report. They stem from our collective enthusiasm and collaborative efforts supported by committed leadership. Indeed, this endorsement by our management team attests to the seriousness of our approach and serves as a source of motivation for us all so that we may continue to progress and provide added value to the organization by carrying out our corporate responsibility plan.

## CR MANAGEMENT AT METRO

At METRO, corporate responsibility (CR) governance is part of the corporation's management structure and involves key individuals at each decision-making and implementation stage.

### GOVERNANCE STRUCTURE

<b>BOARD OF DIRECTORS</b>	▶ Approves policies and reviews the CR plans and reports
<b>PRESIDENT AND CEO</b>	▶ Approves the CR strategy and ensures that the priorities are in line with METRO's business strategy
<b>SENIOR DIRECTOR, CORPORATE AFFAIRS</b>	▶ Defines the strategic CR directions and reports on progress to the management committee
<b>SENIOR ADVISOR, CORPORATE RESPONSIBILITY</b>	▶ Oversees the implementation of the CR plan: coordinates the work of in-house teams and external stakeholder relations
<b>IN-HOUSE TEAMS</b>	▶ Ensure the advancement of the projects as part of the four pillars based on the objectives and targets that were set

## OUR APPROACH

METRO's corporate responsibility approach is built on four pillars. Priorities were set out for each pillar based on the organization's significant economic, social and environmental impacts.

### DELIGHTED CUSTOMERS

- Ensure food quality and safety
- Promote health
- Offer responsible products

### RESPECT FOR THE ENVIRONMENT

- Optimize the energy consumption of our buildings
- Manage our waste
- Enhance the energy efficiency of our merchandise transport
- Optimize our packaging and printed materials

### STRENGTHENED COMMUNITIES

- Invest in the communities in which we are present
- Support local suppliers

### EMPOWERED EMPLOYEES

- Ensure the health and safety of employees
- Promote an ethical and respectful work environment
- Provide employees with a work environment focused on positive relations
- Develop talent

## 2017 HIGHLIGHTS

### DELIGHTED CUSTOMERS

#### LAUNCHED THE NEW

#### Irresistibles Naturalia PRIVATE BRAND

This line of products is free of antibiotics, hormones, preservatives, colours and artificial flavours and sweeteners.

#### ENHANCED PRODUCT PROFILES OF OVER

#### 370 products,

whose nutritional attributes are now indicated, through reductions in salt, sugar, fat and trans fat content.

### STRENGTHENED COMMUNITIES

**DONATED \$12.5M** TO SUPPORT COMMUNITIES, including corporate food and monetary donations as well as the donations by our employees, suppliers and customers.

#### BROADENED THE SCOPE OF OUR

#### food donation program:

- **RÉCUPARTAGE IN QUÉBEC**  
Nearly 1,680 tonnes of food donated – an increase of 68% as compared to the previous year
- **ONE MORE BITE IN ONTARIO**  
Extended the program to five new regions

#### LED THE 5TH EDITION OF THE GREEN APPLE PROGRAM AND AWARDED

#### 1,500 grants valued at \$1,000

to schools in Québec and Ontario to help over **200,000 young people** learn to cook, discover and eat more fruits and vegetables.

#### LOCAL PURCHASING IS WELL-ESTABLISHED IN QUÉBEC AND ONTARIO:

Agreements with **225 regional suppliers** to provide **over 1,200 new local products** since the launch of the program

### RESPECT FOR THE ENVIRONMENT

**REDUCED THE INTENSITY OF METRO'S GHG EMISSIONS** (kg CO<sub>2</sub> eq./ sq. ft.) **BY 2.1%** as compared to the previous year

**REACHED A WASTE DIVERSION RATE OF 67%** an improvement of nearly 5% as compared to the previous year

#### OPTIMIZED ENERGY CONSUMPTION

by establishing two new standards for new METRO constructions

- **LED LIGHTING:**  
On its own, the lighting in the sales area leads to approximately **10%** savings.
- **CO<sub>2</sub> REFRIGERATION SYSTEMS:**  
The new systems considerably curb GHG emissions in case of a refrigerant leak.

Carried out private brand product **PACKAGING OPTIMIZATION INITIATIVES to reduce food waste:** The actions help extend **the shelf lives of products.**

### EMPOWERED EMPLOYEES

**GRANTED 61%** of promotions to internal applicants

**SUPPORTED EMPLOYEE DEVELOPMENT** through the implementation of a new **performance assessment process** based on each individual's development and the roll out of three new modules of METRO's **LEAD program** for leadership development and strengthening

## DELIGHTED CUSTOMERS

Meeting our customers' needs and expectations is at the core of METRO's business strategy. We aim to provide consumers with choices that match their expectations as we work towards a more responsible supply chain that is committed to the adoption of best practices and high standards with regard to sustainability.

### FOOD QUALITY AND SAFETY

Ensuring the quality and safety of food products is one of the most important responsibilities of a food retailer toward consumers and has always been a priority at METRO.

#### Food safety

In terms of food safety, our teams implement rigorous monitoring systems and conduct regular follow ups with our suppliers so that they can formalize their practices. Our objective is for all our private brand and fruit and vegetable suppliers to obtain a certification recognized by the GFSI, an international initiative that provides continuous improvement in food safety management systems along the entire supply chain. At the same time, we recognize that the application of these standards (the costs that certification entails, for example) may create challenges for some. In these cases, we make sure that their installations meet our high standards while favouring suppliers with GFSI certification.

#### Quality control

Ahead of the launch of a new private brand product, our quality control group ensures that the product meets METRO's quality specifications and the required regulations.

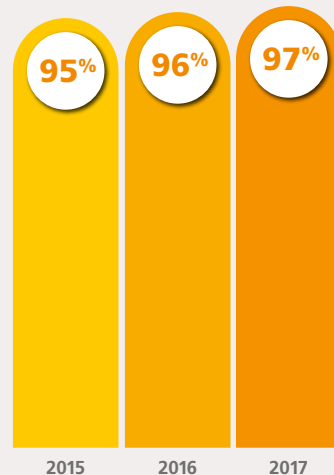
Once the product is on the market, the quality control process remains ongoing. Each year, our team carries out thousands of tests on a number of product attributes, including those related to appearance, scent, taste, texture and consistency. The program aims to ensure an appropriate level of monitoring for all our private brand products and adjust the frequency of the tests based on strategic factors such as sales volume, a change of supplier and customer feedback.

#### Quality controls carried out on private brand products

2015	2016	2017
3,025	4,115	5,041

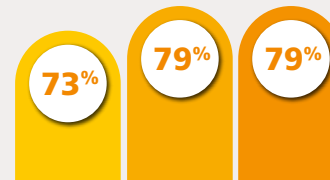
#### Private brands

SUPPLIERS CERTIFIED BY A STANDARD  
RECOGNIZED BY THE GFSI



#### Fruits and vegetables

SUPPLIERS CERTIFIED BY A STANDARD  
RECOGNIZED BY THE GFSI



SUPPLIERS CERTIFIED WITH ANOTHER  
RECOGNIZED CERTIFICATION



SUPPLIERS IN THE PROCESS OF OBTAINING  
A FOOD SAFETY CERTIFICATION



TOTAL



#### PREMIÈRE MOISSON PLANTS

In 2017, Première Moisson maintained Level 3 Safe Quality Food (SQF) certification of its Baie-D'Urfé plant (breads and baked goods). Level 3 is the highest SQF certification and includes safety and quality. It is recognized by the GFSI.

Also, the plant in Dorion (breads and pastries) continues to comply with the requirements of Good Manufacturing Practices (GMP) auditing and the team has completed the implementation of the Hazard Analysis Critical Control Point (HACCP) system that got underway the year before.

## HEALTH PROMOTION

Each week, over four million customers visit our food stores. According to our research, the vast majority feel it is important that food retailers help them make healthy choices. Indeed, this is the mission of our My Healthy Plate with Metro program.

### Healthier products for our customers

Year after year, we aim to provide consumers with more and more private brand products that foster healthy eating habits, and 2017 was a notable year in this regard. As shown in the table below, in addition to increasing the number of products available in several lines, including the organic products, we improved the profile of over 370 products and launched the new Naturalia line in March. Naturalia products contain no antibiotics, hormones, preservatives, artificial colours, flavours or sweeteners, and these particular attributes are clearly indicated on the packaging.

### Products that foster healthy eating

Number of products in our private brand lines			
	2015	2016	2017
Irresistibles Life Smart	289	228	257
Irresistibles Gluten Free	50	61	43
Irresistibles Organics	72	48	65
Irresistibles Naturalia			12
Number of products with an improved profile			
	2015	2016	2017
Irresistibles and Selection products whose sodium content was revised	554	252	334
Irresistibles and Selection products whose sugar content was reduced			13
Irresistibles and Selection products whose fat and trans fat contents were reduced			27
Selection products whose nutritional attributes appear on the packaging (low fat, fat-free, low sodium)	569	533	535
Irresistibles products whose nutritional attributes appear on the packaging			496
Other private brand products whose nutritional attributes appear on the packaging			18
Irresistibles products that contain no artificial colours or flavours	90%	96%	97%
Irresistibles Life Smart products that contain no artificial colours or flavours	100%	100%	100%
Irresistibles Organics products that contain no artificial colours or flavours	100%	100%	100%





### Guidance for consumers

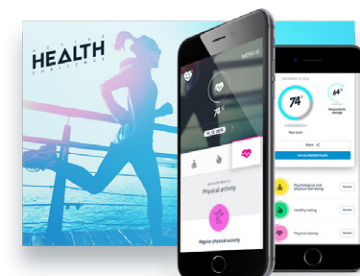
To make the shopping experience simpler for consumers and help them identify healthier products more easily, METRO continues to use shelf labels that include a Good choice or Great choice smile for products selected by a team of nutritionists according to category-specific nutritional criteria and based on Health Canada's recommendations.

In 2017, slightly fewer products included a smile label since we did not conduct product analyses as part of the program in the past year. Our in-house teams mostly focused on the organic and gluten-free product lines, whose criteria were revised and updated. The analysis of the list of Good choice and Great choice products will continue in 2018.

### Number of labeled in-store products

	2015	2016	2017
 Good choice	2,561	2,621	2,512
 Great choice	1,130	1,199	1,182
<b>TOTAL</b>	<b>3,691</b>	<b>3,820</b>	<b>3,694</b>

## PHARMACEUTICAL SECTOR — HELPING CUSTOMERS MANAGE THEIR HEALTH



Brunet encourages customers to adopt a balanced lifestyle and actively manage their health. The approach is built on three pillars: nutrition, physical activity and psychological and physical well-being. At its core is the Active Health Challenge. Only a year after its launch, the tool is a proven success. In 2017, there were over 43,000 visitors including nearly 13,000 individuals who filled in a questionnaire that provides them with a personalized health diagnosis and access to tips from an online coach and enables them to progress at their own pace by adopting healthy reflexes.

Brunet also led a number of initiatives to raise awareness among consumers on sound health management. Every week, Brunet publishes articles in collaboration with specialists on its Facebook page, in its newsletter and at Brunet.ca. In 2017, tips on physical activity, well-being and healthy eating – some of which were provided in partnership with METRO – were shared.

### Continuous improvement of its services

In 2017, in an effort to provide pharmacists with better tools for their practices, Brunet led a series of six webinars on a range of health and management topics. Always seeking to provide improved in-store customer service, the teams also worked to optimize the workflows of the laboratories.

The in-store child and adult vaccination program to give over 30 vaccines for a range of infectious diseases and the travel health program, which enables the pharmacist to prescribe medication based on a traveler's destination and the nurse to administer any vaccines that may be required, were also continued.



## RESPONSIBLE PRODUCT OFFER

More and more, consumers want to be knowledgeable about the products they purchase. They want to understand the ways in which foods impact their health, the social conditions under which products are manufactured and their environmental impacts. Customers are more informed than ever before and expect businesses – manufacturers, processors and retailers – to rigorously manage their supply chain.



### Food sector approach

In early 2017, METRO released its Responsible Procurement Framework ([available here](#)), which aims to structure its approach and define the purchasing criteria to be given greater consideration by the organization, its teams and its suppliers. In this initial phase, the framework applies to our food sector activities.

For organizations such as ours, which offer tens of thousands of products, one of the most significant challenges in managing this type of program is capturing the information needed to follow up on the implementation of our purchasing criteria. Last year, we worked to analyze our systems to ensure that the data needed to follow up on the advancement of our projects are collected. We expect to complete the process in 2018.

### COMMITMENTS

As part of our approach to responsible procurement in the food sector, we made ten commitments that we intend to meet by 2021 ([click here](#) for the list of commitments).

The first year of the program came to an end, and we are already able to report on our progress:

- Through a partnership with Voltigeurs Farm, we now offer 10 chicken products through our Irresistibles Naturalia and Irresistibles Organics brands, enabling us to entirely or partially meet three of our commitments:
  - Develop a line of private brand organic chicken products
  - Ensure that 100% of Irresistibles private brand chicken sold in Québec is from Québec suppliers
  - Expand the organic product offer
- For aquaculture shrimp, we have achieved our goal to ensure that 100% of private brand shrimp is BAP-certified (Best Aquaculture Practices).



Our teams will pursue the actions that have been set in motion to meet our commitments. Processes and initiatives are currently being developed for all ten.

### Next step

In the development of our responsible procurement approach, we conducted a materiality analysis of the organization's purchasing. The sector with the second largest volume of purchases and which will be the focus of the next step in the approach is real estate and engineering. This includes equipment purchases by our supermarkets and the drug stores as well as supply purchases to support our operations in our stores and distribution centres.

### Supplier Code of Conduct

The updated Supplier Code of Conduct for responsible procurement was released in February 2017 and rolled out to all METRO's goods and services suppliers throughout the year. The Code of Conduct is [available here](#).

The Code of Conduct is an integral part of the business agreement between METRO and its suppliers and rests on these four guiding principles:

- Business ethics
- Respect for workers
- Environmental protection
- Respect for animal health and welfare

## Sustainable Fisheries and Aquaculture policy

The Sustainable Fisheries policy was completed in 2017 and is expected to be released in the first half of 2018. Initially implemented in 2010, it was revised to continue to respond to issues and concerns in the sector.

First, the policy's title, Responsible Fisheries, was changed to Sustainable Fisheries and Aquaculture to better represent all the products that fall under the policy. The other key changes pertain to the policy's structure in an effort to harmonize it with the other documents developed since 2010 that constitute the basis of METRO's responsible procurement approach, including the Local Purchasing Policy and the Responsible Procurement Framework. The revised policy also made it possible to refine and detail certain sector-specific principles and concepts.

Still, the cornerstones of the policy remain the same and the same procurement principles still stand:

- Offer of healthy species
- Use of sustainable operating methods
- Product traceability
- Respect for workers
- Socioeconomic development



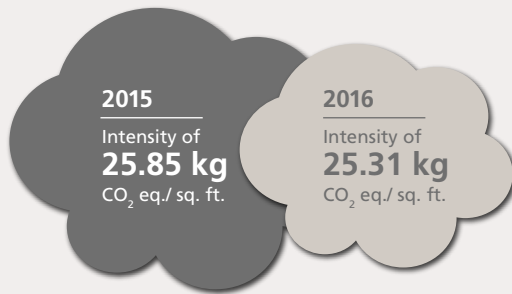
## RESPECT FOR THE ENVIRONMENT

The continuous improvement of METRO's environmental performance is built on the rigour of the organization's processes and the optimization of its practices. Through the environmental management system (EMS) and implementation of core programs, our teams give priority to the elements that most contribute to the environmental footprint of METRO's activities.

### REDUCING OUR CARBON FOOTPRINT

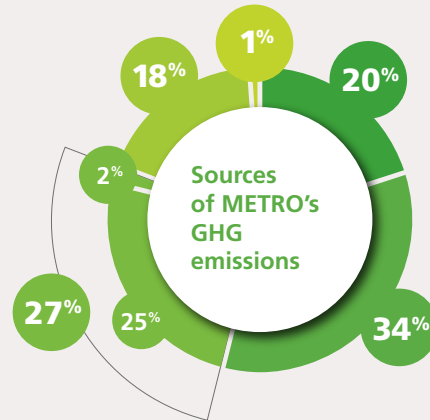
METRO further improved its carbon footprint by reducing the intensity of its 2016 greenhouse gas (GHG) emissions by 2.1% as compared to the previous year and 21% as compared to the 2010 reference year.

#### 2.1% reduction in the intensity of GHG emissions



These data include the emissions by corporate and franchised stores in Québec and Ontario.

Methodology: Greenhouse Gas Protocol (GHG Protocol). The data reported to the CDP reflect the results of the previous year: the data for 2016 were reported in 2017.



- 20% Building energy consumption (electricity and natural gas)
- 34% Refrigerant leaks
- 27% Store-related merchandise transport
- 25% Service providers
- 2% METRO
- 18% Waste management
- 1% Business travel

### OPTIMIZING ENERGY CONSUMPTION

#### New constructions

In the 2017 fiscal year, METRO opened ten new stores. Our goal is to enhance the energy efficiency of every new store by at least 5% as compared to stores built in 2010. To do so, we work to integrate new equipment and processes.

In light of the success of the 2016 LED lighting pilot project, which clearly demonstrated the energy efficiency and visual effectiveness of LED, the technology has become the new standard for all of METRO's new constructions. The results are convincing: the new lighting system in the sales area alone brings about a 10% reduction in energy consumption as compared to stores built in 2010. In addition to being energy efficient, LED light bulbs have a much longer service life than standard bulbs and thus generate less waste.

We have also established an additional standard for our new buildings: the installation of CO<sub>2</sub> refrigeration systems, which are energy efficient and considerably reduce GHG emissions in case of leaks as compared to commonly used synthetic refrigerants.

In 2017, we submitted our tenth consecutive annual carbon footprint to CDP (formerly the Carbon Disclosure Project) and continued to refine the methodology we use to calculate our emissions, particularly with regard to waste management. Our report is [available online here](#).



## OPTIMIZING ENERGY CONSUMPTION (CONTINUED)

### Existing buildings

Year after year, METRO invests in major in-store renovations, including 45 projects that got underway in 2017 to meet the needs of customers and provide the best possible shopping experience. We take advantage of the large-scale projects to enhance outdated mechanical and electrical systems in an effort to optimize the buildings' energy consumption. Results vary from one site to the next according to the specificities of each building.

### CASE STUDY

#### RENOVATING METRO PLUS PIE-IX IN MONTRÉAL

The building was modernized: renewal of the lighting system in the sales area and refrigerated counters, refurbishment of the heat recovery equipment and replacement of obsolete refrigeration systems. While the store area remained the same and despite a higher refrigeration load brought about by the wider range of fresh products, the site's electricity consumption fell by over 27% as compared to the energy consumption recorded before the renovations were undertaken.



#### EXPANSION OF METRO PLUS CITÉ DES JEUNES IN GATINEAU

The building's profile was substantially altered: increase in area of over 40% leading to a rise in the store's refrigeration load of over 30%. Replacing the outdated refrigeration systems with systems that include a number of measures, such as electronic controls and the replacement of refrigerated counters, and optimizing the ventilation system led to a total energy consumption equivalent to that of the building before the project was carried out, despite the substantial increase in store area and customer offer. This performance represents a nearly 27% improvement in the store's per unit energy consumption.



### AREAS FOR IMPROVEMENT

In 2016, we began a recommissioning program, which involved an analysis of store performances and operations in order to take corrective action and optimize the mechanical and electrical systems. By referring to comparable cases in the industry, we estimated that the potential savings could reach 5 to 10%.

Following an initial exercise in ten stores in Québec, the potential improvement in energy consumption brought about by operational interventions without any financial

investments totaled nearly 3%. In our opinion, this result, which is below comparable industry cases, is a reflection of our past efforts to raise awareness among employees of energy savings best practices.

The first program phase therefore indicates that we have almost entirely optimized our operations through simple and effective actions that are easy for all employees and managers to apply. We will continue down this path to ensure that this approach, which requires no investment,

reaches its full potential. Later, the investments determined as part of the auditing process and which are currently under study will be made.

In 2017, we pursued the initiative and audited our sites in Ontario. The analyses will help contribute to our energy efficiency decisions.

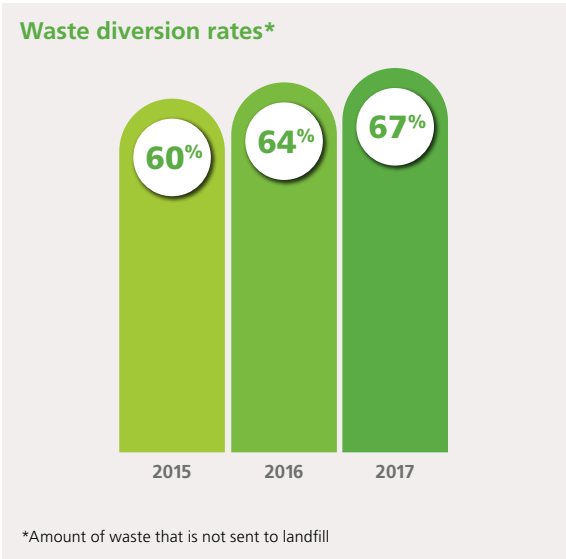
WASTE MANAGEMENT

Waste management helps reduce the environmental impacts of disposal, including GHG emissions. It also fosters recovery through various recycling channels and helps generate revenue from the recovered materials sold to recyclers. The vast majority of METRO's waste comes from the retail store network.

DIVERSION RATE

METRO aims to reach the target of zero landfilled waste: a waste diversion rate of 90% for the corporate and franchised stores in Québec and Ontario enrolled in the recovery program. In 2017, we reached a diversion rate of 67%: an improvement of nearly 5% as compared to the previous year.

The implementation of the program to recover organic waste and its packaging continued in 2017. The initiative helps optimize current organics recovery practices since employees no longer have to unpack the foods. At the end of the 2017 fiscal year, 224 stores in Québec and Ontario were involved in the program.



2017 at a glance

Waste recovered (tonnes)	
Corporate and franchised stores – Québec and Ontario	
	Tonnes
Animal-based organic material*	8,469
• Material processed into common use products	
Plant-based organic material**	23,662
• Material to composting and biomethanization	20,470
• Unsold non-perishable products donated to food banks	1,367
• Unsold perishable products donated under the One More Bite program	1,825
Cardboard (for recycling)	68,739
Mixed paper (for recycling)	81
Plastic film (for recycling)	1,604
Mixed bundle (plastic, paper, metal, waxed cardboard and cardboard – for recycling)	13,047
Other mixed materials (for energy recovery)	65
Total	115,667

\* Waste from butchery, cooking oils and grease trap waste processed into common use products

\*\*Products for composting or biomethanization, unsold non-perishable products donated to food banks, unsold perishable products donated under the One More Bite program

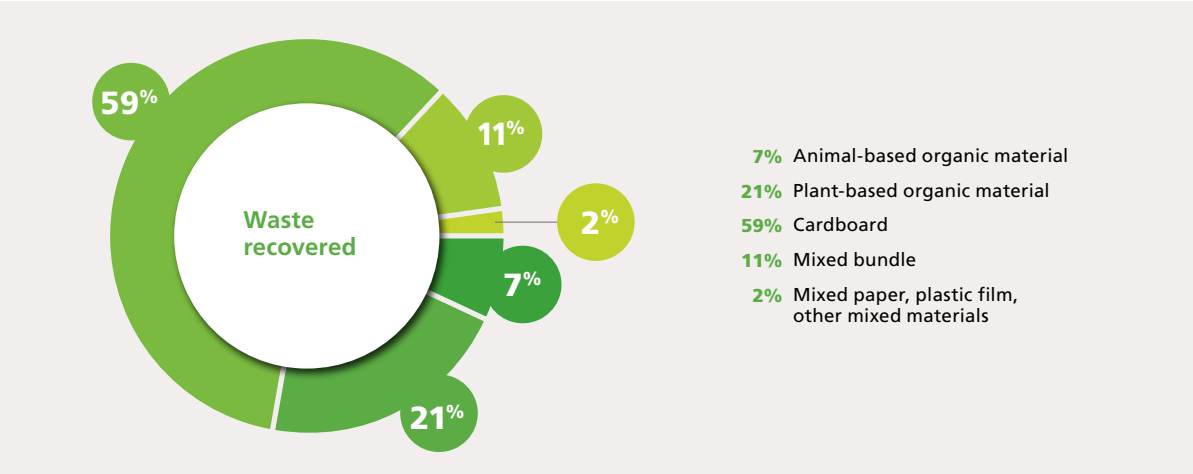
Materials recovery

We were able to increase our diversion rate through a series of measures implemented across the network. In addition to the recovery of organic material in their packaging, new initiatives were launched, including:

- awareness building and training for nearly 750 stores and distribution centre employees
- enhanced practices in our distribution centres in Québec and Ontario, including the creation of an environment committee in one of the centres and a review of the Ontario recovery programs for improved performance

RECOVERY AT PREMIÈRE MOISSON

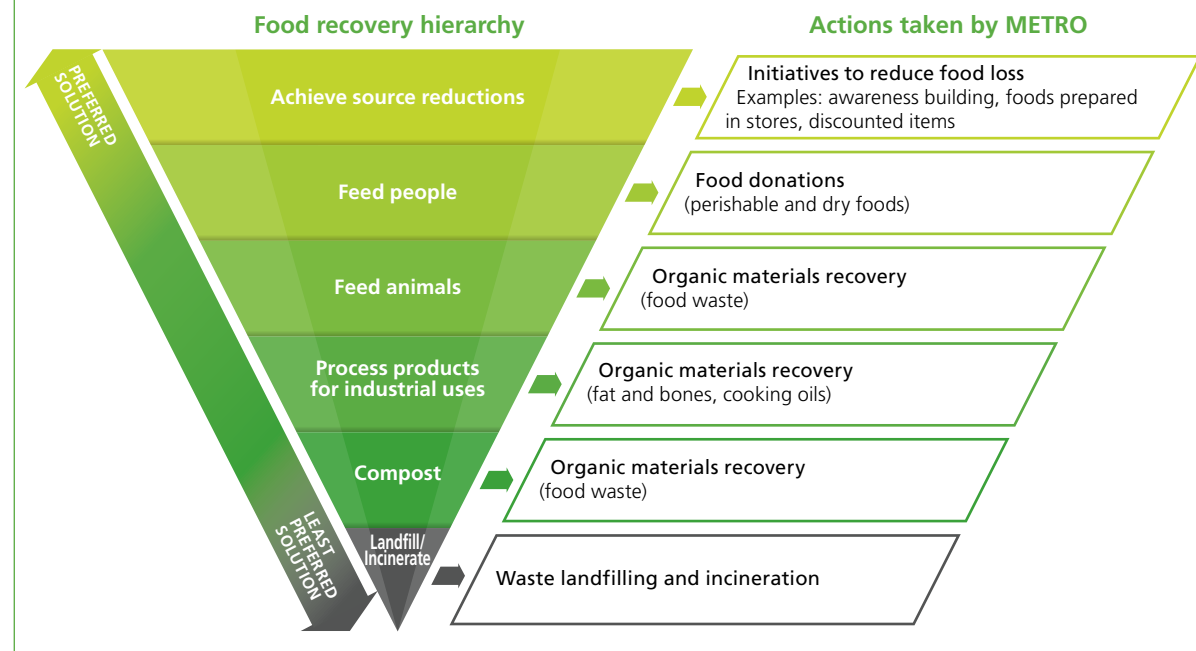
The waste recovery program is in effect in 23 of Première Moisson's 26 stores – six more outlets than the previous year. The organization is currently working to pursue the implementation in the three remaining locations.



## WASTE MANAGEMENT (CONTINUED)

### ORGANIC MATERIAL RECOVERY

The very nature of our activities inevitably leads to food loss in our stores, and animal- and plant-based organic material make up close to one third of our total waste. To increase our organic waste diversion rate, METRO is focused on reducing losses and optimizing the various channels for the materials that are recovered.



### OPTIMIZING OUR PACKAGING AND PRINTED MATERIALS

The development of our packaging and printed materials optimization policy continued in 2017 but was not finalized as planned. METRO still intends to release the policy in 2018. The aim is to provide the organization with a policy that sets out a common framework for all the sectors involved and guides the actions of METRO's teams and suppliers with regard to packaging and printed materials.

### Approaches to reduce environmental impacts

Again this year, our team ramped up its initiatives to enhance the environmental performance of our private brands packaging, including:

- The removal of BPA: the controversial substance was removed from the condensed soup and canned legumes packaging.
- The inclusion of sorting instructions on packaging: a total of 715 products now include instructions to facilitate packaging recovery by the consumer – an increase of over 40% as compared to the previous year.

### MEASURES TO REDUCE FOOD WASTE

In 2017, our private brands team initiated new packaging optimization measures to reduce food waste, which is a major source of environmental impacts. The initiative is in line with our drive to bring about source reductions in organic waste in our operations and by consumers.

Packaging plays a critical role in the preservation and conservation of perishable food products. It helps avoid food waste by protecting products throughout the transport and handling steps and extends the shelf life of the products, which are not thrown out before they are consumed in their entirety. Also, the environmental impacts of packaging are generally less significant than the impacts of the product it is meant to protect, which is why it is important to optimize the use of packaging.

In the past year, two initiatives to this end were set in motion:

- **Irresistibles fresh chicken**  
Through close collaboration with our supplier Voltigeurs Farm, the new Naturalia line chicken now comes in divisible portioned packaging, which extends the shelf life of the product by six days as compared to standard packaging.
- **Irresistibles vegetable chips**  
The use of a new laminated foil bag instead of a transparent laminated bag considerably extends the shelf life of the product from 112 to 160 days.

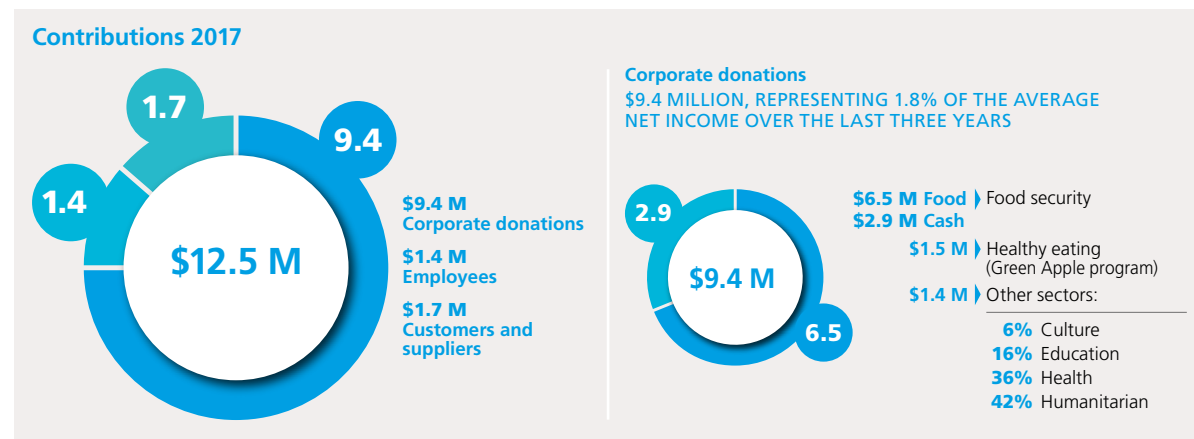


## STRENGTHENED COMMUNITIES

We play a part in the economic and social well-being of the communities that we serve. Through our actions, we seek to make a positive contribution and expand the reach and benefits for them.

### INVESTING IN COMMUNITIES

Year after year, METRO remains actively committed to the communities in which it operates through significant monetary and food contributions. In addition to financial support, we invest in areas that are of particular importance to us: food security, healthy nutrition and the support of local suppliers.



#### Food security

The very nature of our activities inevitably leads to food losses in our stores. For this reason, we have implemented a series of reduction measures, including the Récupartage / One More Bite food recovery program in our Metro, Metro Plus, Super C and Food Basics stores in Québec and Ontario. Unsold quality products such as meat, prepared foods and dairy and bakery items are collected in stores and redistributed to community organizations.

In Québec, we work in collaboration with Food Banks of Québec, which oversees the Moisson organizations that collectively support some 1,200 associations across Québec. The Moisson organizations, which are paired with our stores, pick up the food and train the METRO employees who are

helping to implement the program. In the 2017 fiscal year, we took a major step forward with 107 participating stores as compared to 80 last year. In total, nearly 1,680 tonnes of food were donated – an increase of 68% as compared to the year before.

In Ontario, we established two partnerships as part of our One More Bite program: one with Second Harvest in the Toronto area and the second, since 2016, with the Ontario Association of Food Banks (OAFB) in greater Ottawa. In the past year, we launched another pilot project with OAFB in five additional areas: Huntsville, London, Port Colborne, Barrie and Thunder Bay. In total, 39 Ontario stores contribute to One More Bite.

## récupartage onemorebite

At the end of the 2017 fiscal year, just over one quarter of our stores in Québec and Ontario were enrolled in the program. Our objective is to extend the program to all our stores and we continue to work in close collaboration with our partners to achieve this goal.

### EATING DISORDERS PROGRAM AT THE DOUGLAS MENTAL HEALTH UNIVERSITY INSTITUTE



Because we believe in a holistic view of good nutrition, we chose to support the Eating Disorders program at the Douglas Mental Health University Institute—a major initiative aimed at persons suffering from anorexia nervosa and bulimia nervosa. The centre provides leading treatment and a personalized health care approach, including a day program in which participants are taken to a supermarket to purchase food to prepare healthy and balanced group meals.

“METRO made a very valuable contribution, since this type of support enables us to offer highly structured group therapy that is adapted to the needs of the individuals who require intensive care,” explained Howard Steiger, PhD, director of the Eating Disorders program, Douglas Mental Health University Institute, Centre intégré universitaire de santé et de services sociaux de l’Ouest-de-l’Île-de-Montréal. In 2017, METRO pledged its commitment to the institute’s foundation for a third year.



## PREMIÈRE MOISSON – FOOD DONATION ACROSS OUR NETWORK

Across our network, we strive to donate the unsold food at the end of each day to accredited organizations that then redistribute it to local citizens in need. Our collaboration with La Tablée des Chefs, which got underway in 2012, helped provide a partner for the stores that were not yet working with community organizations.

Today, 14 of our 26 stores support food recovery through La Tablée des Chefs. In 2017, they donated the equivalent of 72 tonnes of food (mostly bread and bakery products, as well as prepared foods) to some 30 organizations. We also take part in in-store fundraising activities for La Tablée des Chefs, including donations with purchase to provide culinary training in low-income schools in Montréal and Québec.

## Encouraging young people to adopt healthy eating habits

The Green Apple program aims to encourage young people to adopt sound eating habits, more specifically by prompting them to eat more fruits and vegetables, which constitute the basis of a healthy diet. Through the program, we want to show young people that eating well is simple, fun and delicious and help them make the healthy lifestyle choices they will carry throughout their lives as early on as possible.

As part of the fifth edition of the program, which ran from September 2016 to June 2017, METRO and its merchants once again awarded 1,500 grants valued at \$1,000 to elementary and high schools in Québec and Ontario to carry out projects to promote healthy eating. The initiative helped over 200,000 young people learn to cook, discover new flavours and, of course, eat more fruits and vegetables.



► 5 years ► \$ 7.6 M



## The strength of METRO's network

In addition to corporate contributions, METRO's network of stores, distribution centres and offices, which is deeply rooted in Québec and Ontario, provides support for local communities through donations made by employees and fundraising activities organized in stores and in parallel with store operations.

### OUR EMPLOYEES

In 2017, METRO and its employees took part in their 20<sup>th</sup> annual campaign for Centraide, which raises and invests funds locally in a network of organizations and projects that provide support, hope and dignity for people in need across Québec. The investments are based on the specific needs of each neighborhood and aim to enhance the quality of life of citizens and their families.

METRO's employee donation initiative in Ontario, the Metro Full Plate Program, provides support for four organizations: the Ontario Association of Food Banks, Second Harvest, the Breakfast Clubs of Canada and United Way.

In 2017, our employees contributed nearly \$1.4 million in total to these organizations.

### OUR CUSTOMERS AND SUPPLIERS

Our customers and suppliers also support local communities through the contributions they make as part of in-store events and fundraising activities, including:

- Saint-Justine Tree of Lights campaign to support a children's hospital in Montréal
- Toonies for Tummies to feed young people
- MIRA campaign to support guide dog training
- Canadian Red Cross campaign to support flood victims

In 2017, our network raised over \$1.7 million – an increase of nearly 90% as compared to the previous year that is mainly attributed to the fundraising campaigns for MIRA and flood victims.

## EXPANDING THE LOCAL PURCHASING PROGRAM

METRO's local purchasing program aims to place as many regional products as possible on the shelves of the stores in its network and increase their visibility. The initiative responds to the demands of customers, who are increasingly seeking local products. Launched in Québec in 2013 and in Ontario in 2016, the initiative also means to support suppliers in their efforts to make their products available to consumers in a large retail network.

In 2017, the program got underway in an 11<sup>th</sup> region, Saguenay – Lac-St-Jean, Québec. Some 122 products from 22 local agri-food businesses are now available in eight of our stores in the area.

To date, the launch of the program in 11 regions helped bring over 1,000 new fresh and grocery products from 175 suppliers to their local Metro and Super C stores. Our goal is to implement the program in the 13 regions in which we operate. The last two regions, Québec and Montréal, will take part in the program based on local opportunities.

In Ontario, the program was launched in March 2017 in the Ottawa area and continued in southwestern Ontario in June and east of Lake Ontario and the St. Lawrence in November. After just one year, the program provides our clients with a total of 220 new products from 50 regional suppliers in our local Metro and Food Basics stores.





## EMPOWERED EMPLOYEES

The 65,000 members of the METRO team are the cornerstone of our customer approach, which is built on the quality and commitment of our employees. Our culture aims to create a balance between the well-being of our employees and the efficiency of our organization.

### AN INTEGRATED HUMAN RESOURCES APPROACH

Our approach to human resources management seeks to support METRO's business objectives and help provide a quality experience for our employees throughout the entire employment lifecycle, from attraction and recruitment to integration, development, advancement and retirement.

While the customer experience is at the core of our mission, the employee experience drives our human resources management approach.

### OCCUPATIONAL HEALTH AND SAFETY (OHS)

METRO is committed to preventing occupational illness and injury in the workplace and providing the public with a safe shopping environment.

Our key OHS activities of the last year include:

#### PREVENTION AND TRAINING

- Annual health and safety standards training to over 900 store and distribution centre (DC) management employees
- Non-pursuit of a thief, workplace violence and harassment refresher training to over 24,400 employees
- Powered equipment refresher training to over 4,600 employees
- Health and safety orientation training to over 1,300 store supervisors

### PROGRAM MANAGEMENT AND COMMUNICATIONS

- Development of a safe operating procedure for work at heights related to box handling and training on the procedure followed by 74 DC employees
- Health and safety information communicated each period to management and quarterly to executive management

In 2017, our occupational health and safety indicators showed an 8% increase in the injury frequency rate, a 29.6% increase in injury severity rate and a 30.5% increase in lost days, compared to the previous year. However, looking at a longer-term period (2017 compared to 2013), we can see a different picture. Although the injury severity rate and the lost days have increased by 6.4% and 14.6%, respectively, we have seen a significant 15.6% decrease in the injury frequency rate.

After several years of progress and even with many training initiatives, 2017 was challenging from the OHS perspective, largely due to the transformation of our workforce. In 2018, we will devote particular attention to this situation and create working groups and action plans to improve the trend. As the changes to the workforce accelerate, we will continue to ensure a healthy and safe work environment by focusing on prevention, claims management efforts and training for our management teams and employees.

### WORK ENVIRONMENT FOCUSED ON POSITIVE RELATIONSHIPS

Employees' satisfaction with their work and work environment are key factors in employee retention. We therefore want to create workplace settings in which the talents and aspirations of employees are recognized and valued.

#### Open culture

#### RELATIONS WITH OUR UNION PARTNERS

A large segment of METRO's direct employees is covered by collective agreements. We attach special importance to these agreements and aim to maintain positive working relationships with our union partners.

To preserve the positive work environment within our organizations, we work to ensure that all stakeholders are able to communicate with each other on a regular basis through ongoing improvement and labour relations committees.

#### INTERNAL COMMUNICATIONS

At METRO, we believe that communication plays an important role in sound corporate management and foster the type of culture we aspire to create. We are therefore committed to providing our employees, merchants and pharmacist-owners with ongoing communications that are clear, transparent and honest.

We work to ensure human communications. In that regard, we mobilize our managers with respect to their discussions with their teams and remain focused on improving our communication processes.

## WORK ENVIRONMENT FOCUSED ON POSITIVE RELATIONSHIPS (CONTINUED)

### TIME TO SPEAK UP PROGRAM

METRO emphasizes a strong corporate culture built on different factors, including a work environment that is ethical, healthy and safe. However, in some cases, it may be necessary to inform a person in authority of a questionable action or practice in the workplace as a witness or victim. The Time to Speak Up program provides employees with an entirely anonymous and confidential means to report such situations to METRO.

A website and dedicated telephone line available 24/7 allow employees to quickly and easily report a theft, vandalism, fraud or any other situation that may run counter to our policies (harassment, intimidation).

### Diversity

Promoting diversity is treating all employees in a fair and equal manner. We adopt measures to promote diversity in the workplace on an ongoing basis, including those implemented within the management team.

METRO values, respects and builds upon the differences and skills of its employees from diverse backgrounds. Our diversity policy ([available here](#)), which was implemented in 2016, serves to strengthen our objective to assemble a team that is representative of the considerable diversity of our clientele and the communities in which we operate.



### INTEGRATING NEWCOMERS

Employment is central to the integration of newcomers, and we believe that they make our team stronger. In 2017, we continued to focus on partnerships with specialized organizations, including groups that support young people and ethnic minorities, to foster the workplace integration of new immigrants.

We also took part in job fairs organized by associations that serve different clienteles, including Mamu! for Indigenous peoples, Oasis for newcomers and Midi-Quarante for people 50 and over.

### WOMEN IN THE WORKPLACE AT METRO

METRO's women's network, which is made up of women executives and professionals from all areas of the company, remained very active in 2017 through the WIN (Women's Inspirational Network) program. The diversity and relevance of the program activities led to a great deal of interest among participants. A series of initiatives that included skills development workshops, breakfast seminars and networking cocktail events addressed a range of important topics such as the work-family balance, career development, the influence of women and networking.

To encourage women to take on positions at more senior levels, whenever possible, at least one woman must be considered among the finalists in every management-level recruitment process.

### WIN PROGRAM



As part of the WIN program, three of the five women who sit on the Board of Directors – (left to right) Marie-José Nadeau, Maryse Bertrand and Line Rivard – took part in a breakfast seminar hosted by Geneviève Bich, vice-president of Human Resources at METRO (far right).

### Women at METRO



**17,004 (48%) women**  
**18,479 (52%) men**

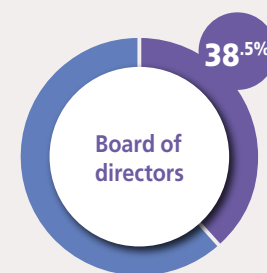
These figures do not include affiliated and franchised store, Adonis or Première Moisson employees.



**10 women in 45 executive positions (22%)**



**63 women in 218 management positions (29%)**



**5 women on the 13-member Board of Directors (38.5%)**

In 2016, METRO increased its gender balance target for the Board of Directors from 25 to 30%.

## TALENT DEVELOPMENT AND TRAINING

So that METRO can continue to rely on the best possible team – one of the four pillars of our business vision – the organization further invested in its talent management program in 2017. The aim of the program is to provide every employee with the means to reach their full potential throughout their careers at METRO with the support of their leader and access to programs and initiatives to help them manage their careers, develop their skills, increase their impact within the company and better contribute to METRO's strategic objectives.

### Talent acquisition

While it is unique and stimulating, the retail industry remains competitive, and attracting staff entails a number of challenges. We invest every effort and innovate to identify the brightest talents and keep METRO among their priority targets.

The number of high-quality positions currently open, the diversity of areas in which opportunities are available – stores, distribution centres and administrative centres in the food and pharmacy sectors – the number and relevance of our employee programs, our competitive and fair compensation approach, our culture and our financial performance all make METRO an employer of choice. These are the advantages that our human resources teams highlight in our recruitment program.

### NEW GRADUATES

In the past year, we were very active in our efforts to expand our pool of applicants and attended a number of events, including over 40 job fairs.

We attach particular importance to developing partnerships with universities and have created scholarship programs in sectors including food science and technologies, nutrition and management. METRO managers and executives speak at conferences held as part of student forums and support students in their academic projects. We are also involved in the Commerce Games, a major interuniversity competition.

### INTERNS

We invest major efforts to include interns in our activities. We believe that offering internship opportunities to high school, college and university students fosters skills development and enables METRO to see the young talents who could join its ranks in action.

The past year was particularly eventful. Indeed, METRO opened a total of 104 internship positions (64 more than the previous year). The interns were welcomed by the organization's different departments.

### Training and skills development

#### LEADERSHIP

A number of factors enable organizations to stand out, including the quality of their leaders. Beyond the development of technical skills, which remain essential to ensure proper operations, METRO also is focused on developing its employees' leadership skills.



Our LEAD (Leadership, Excellence, Action, Development) program is aimed at all our employees. To date, four modules have been launched, including three in 2017. They touch upon the attributes that make a good leader, communication with employees, peers and supervisors and efficiency, which is discussed in two modules.

#### MENTORSHIP

METRO has introduced a mentor program to foster knowledge and skills acquisition by employees, who benefit from the support and guidance of a mentor selected for his or her expertise and leadership. In 2017, 43 pairs were created among our employees.

#### INTERNAL MOBILITY

Providing our employees with a setting that fosters the development of their skills helps them excel in their positions and constitutes a springboard for them to undertake other responsibilities within the organization. Internal mobility also maintains corporate memory through knowledge transfer and the development of more versatile employees. In 2017, 61% of promotions were awarded to internal applicants.

We have implemented a number of projects to encourage internal mobility, including the [Your career recipe](#) program that supports employees who are transitioning from our stores to positions in our administrative offices or distribution centres, as well as development plans for the employees who have the potential to fill a management position or have been identified as having high development potential.



### PROFESSIONALS' TRAINING

In the past year, through a program to train department managers and assistants to franchisees, METRO provided training to over 75 people in Québec. The professionals' training is the opportunity for store employees to develop the skills they need to move into store management positions.

### PERFORMANCE ASSESSMENT TOOL

In 2017, we implemented a new performance assessment process in the administrative offices and distribution centres.

Among the benefits of the new process is the fact that it fosters discussions on skills development, including employee leadership skills, and the means to increase each individual's impact within the company as employees develop their full potential.

A new leadership reference framework that details the attributes and behaviours of leaders to help employees and the organization achieve success was implemented at the end of the 2016 fiscal year. Training sessions were offered early in the 2017 fiscal year to all managers, professionals and support staff according to their position and the leadership skills they seek to develop. The sessions have since been integrated into METRO's permanent training offer.



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#### **About this report**

This corporate responsibility report covers the 2017 fiscal year: the 53-week period that ended on September 30, 2017. This report is published in May 2018 and significant events that occurred between the end of the fiscal year and late February 2018 were therefore also included in this report.

This report details our food-related activities in Québec and Ontario (supermarkets, discount stores and neighborhood stores), our pharmacy-related activities (McMahon Distributeur pharmaceutique inc. and the Brunet network of drugstores) and the activities of our partner Première Moisson.

In this report, METRO refers to the corporation and Metro refers to the store banner.

The report was reviewed by the internal audit team but was not audited externally.

#### **Forward-looking information**

Throughout this report, we have used statements that may constitute forward-looking information. In general, any statement in this report that does not constitute historical fact may be considered a forward-looking statement. The forward-looking statements that may be set out in this report refer to hypotheses in the Canadian food and pharmaceutical industry, targets, the economy in general and our 2016-2020 corporate responsibility plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to known and unknown risks and uncertainties that could cause the outcome to differ significantly. We believe these statements to be reasonable and relevant at the date of publication and represent our expectations. METRO does not intend to update any forward-looking statements contained herein.